BY ORDER OF THE SECRETARY OF THE AIR FORCE

AIR FORCE INSTRUCTION 23-105

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Supply

SPARES BREAKOUT PROGRAM

COMPLIANCE WITH THIS PUBLICATION IS MANDATORY

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This instruction implements AFPD 23-1, *Requirements and Stockage of Materiel*, by providing guidance and procedures for the Air Force Spare Parts Breakout Program. It also implements *Defense Federal Acquisition Regulation Supplement,* Appendix E, *DoD Spare Parts Breakout Program*, December 31, 1991. It applies to all Air Force activities involved with design control, acquisition, and management of centrally managed spare parts. It does not apply to Air National Guard or US Air Force Reserve units or members.

SUMMARY OF REVISIONS

This is the initial publication of AFI 23-105. It deletes numerous superficial details but does not substantially revise authorities or responsibilities.

1. Program Objective:

1.1. The objective of the Air Force Spare Parts Breakout Program is to reduce costs by purchasing parts from other than prime weapon-system contractors.

1.2. Product Centers and Air Logistics Centers (ALC) must buy parts without compromising configuration integrity, safety, and performance.

1.3. The Air Force Spare Parts Breakout Program does not apply to:

- Peculiar items.
- Insurance items.
- Obsolete, local purchase or phase out parts.
- Parts acquired under other specifically defined initial support programs.

NOTE:

Component breakout under *Defense Federal Acquisition Regulation Supplement* (DFARS), Appendix D, Foreign Military Sales *(FMS)*.

2. General Guidance:

2.1. The breakout program gives rules for screen and code parts so that contracting officers have information about technical data and sources of supply that meet the government's needs. DFAR SUP, Appendix E, December 31, 1991 provides detailed screening rules.

2.2. To aid breakout to competition or direct purchase, ALCs identify, select, and screen parts for breakout as early in an acquisition as possible.

2.2.1. This ALC review should occur during the provisioning cycle. However, because parts are not fully standardized early in the acquisition process, the optimum solution may be breakout to the actual manufacturer.

2.2.2. The goal of breakout of replenishment spares is full and open competition. Contractors identify breakout candidates through the MIL-STD 1388-2B, *Logistics Support Analysis Record (LSAR) (Table HA) Records*, during the acquisition process.

2.3. ALCs continue breakout improvement efforts through the life cycle of a part, or until they assign the part a competitive Acquisition Method Code (AMC) which they cannot economically improve.

2.4. ALC Breakout Program Managers apply resources and assign priorities to those parts that have the greatest opportunity for breakout and potential savings.

2.5. The Air Force may not deny any firm the opportunity to demonstrate its ability to furnish a part that satisfies Air Force needs. For specific guidance regarding qualification, refer to FAR 9.202.

2.5.1. The evaluating Air Force activity expedites its evaluation and gives a decision to the demonstrating firm or provide status within 60 days. The contracting officer need not delay a proposed award to give a potential offeror an opportunity to demonstrate its ability to meet the qualification standards.

2.5.2. ALC may consider parts manufactured by approved sources, and then offered by surplus or other nonmanufacturing sources. Restrictive codes or low annual buy value does not preclude such consideration.

2.5.3. Dealer or other nonmanufacturing sources must give the Air Force all necessary facts to prove that the proposed parts meets the Air Force's needs. The Air Force considers authorized dealers and distributors identified through appropriate contracting documents as nonmanufacturing sources of commercial items.

2.6. To aid breakout decisionmaking, the Air Force may use contractors' experience in developing, designing, manufacturing, and testing equipment.

2.6.1. The Air Force may get technical information from the contractor through the Logistics Support Analysis Record as part of the provisioning process or directly from the contractor, applying the rules in paragraph **2.9.** .

2.6.2. The Air Force designates contractor technical information as Contractor Technical Information Codes (CTIC). The Air Force may not delegate responsibility for determining AMC and Acquisition Method Suffix Code (AMSC) to a contractor.

2.7. Air Force activities send the Military Interdepartmental Purchase Request (MIPR) to ALCs to requisition parts.

2.7.1. ALCs require parts screening if the Air Force has engineering responsibility for the part identified on the MIPR.

2.7.2. The Air Force screen items on incoming MIPRs that do not indicate a supplier and an AMC code.

2.7.3. If an ALCs receives a MIPR with sole source justification, and the ALC is planning to procure the part competitively, the ALC will return the MIPR to the originating activity for revalidation of the justification. If the activity that prepared the MIPR cannot substantiate the sole-source solicitation to the satisfaction of the procuring activity, the ALC puts the requirement out for competitive bidding.

2.8. Inadequate or incomplete procurement data packages limit competition for future procurement candidate items. Buying required data or acquiring the necessary data through reverse engineering may relieve the limitations. However, the life-cycle savings should clearly exceed the expected cost of acquiring data, or reverse engineering.

2.9. ALCs request contractor help in screening selected parts only after weighing the benefit expected from the contractor's technical information and the cost to the government of obtaining such help.

2.9.1. During acquisition, program managers may obtain the CTIC as a routine part of the LSAR.

2.9.2. Program managers may not request contractor help for:

- Parts covered by government and industry specifications.
- Parts that are commercially available.
- Non-developmental items.
- Parts for which data is already available.

2.9.3. Contracts to obtain technical information require impartial technical evaluations conducted by competent personnel using applicable technical data. The government incurs no cost for duplicate screening of parts.

2.9.4. To use a contractor's technical evaluation, program managers must contractually incorporate MIL-STD 1388-2B and require completion of the Table HA, Block E-61. To require a contractor's technical evaluation for the screening process, program managers contractually incorporate MIL-STD 789, *Contractor Technical Information Coding of Replenishment Parts*, which delineates the contractor's responsibilities and procedures and prescribes use of DD Form 1418, **Contractor Technical Information Record**, to record contractor technical information.

2.9.5. When program managers incorporate MIL-STD-789 into a contract, they must refer to DD Form 1423, **Contract Data Requirements List**, which prescribes submission of DD Form 1418 and DD Form 1418-1, **Technical Data Identification Checklist**, per MIL-STD-789.

3. Identifying, Selecting, and Screening Parts:

3.1. Provisioned parts are subject to breakout.

3.1.1. Through this process, the Air Force directly purchases from the actual manufacturer when identification is possible.

3.1.2. Actual screening of provisioned parts is not normally practical because the parts lack design stability.

3.2. Generally, program managers need to periodically replenish provisioned parts.

3.2.1. Managers may use provisioning lists or similar lists of new parts for selecting parts for screening.

3.2.2. Managers base screening priorities on design stability, performance stability, and anticipated replenishment. They also consider buy values, buy quantities, and the availability of technical data.

3.2.3. Managers should make efforts to fully screen parts as they enter the inventory.

3.2.3.1. Parts should meet the above criteria.

3.2.3.2. The managing activity should program parts for replenishment procurement.

3.3. AMCs and AMSCs are valid until the next assigned review date.

3.3.1. You don't have to routinely rescreen with valid codes until the next review date. The review may vary by organization and part.

3.3.1.1. Coding activities may assign a review date of less than 5 years if available information indicates that no change in code is expected.

3.3.2. Suspense dates may vary with the circumstances surrounding each part.

3.3.2.1. A code assigned as a result of limited screening receives a suspense date of 12 months or less; a code assigned as a result of full screening receives a suspense date of 3 years or less.

3.3.2.2. Items with a 1G or 2G code do not require a suspense date. However, management may dictate a periodic review of the parts assigned these codes, as well as others with extended time.

3.3.3. Program managers track the availability of data and the technical status of proposed actions to improve the competitive status until completion.

3.4. When a management activity generates a buy requirement estimated to be over the screening threshold for a part without a current AMC or AMSC, the program manager must promptly screen the part according to either the full or limited screening procedures. (See DFAR, Appendix E, for full and limited screening procedures.)

3.5. When you suspect an AMC or AMSC might be inaccurate, conduct a review to verify the code.

3.6. When events occur which may improve the competitive condition of a part and may result in recoding, management must conduct the screening and subsequent recoding promptly without waiting for future procurement requests. Examples of actions that fall into this class are:

- Receipt of a technical data package.
- Release of proprietary rights.

- Completion of a reverse engineering project.

3.7. Screening procedures for parts may vary depending on circumstances. No set of rules cover all conditions. Program managers may make an informed decision to breakout without following the procedures step-by-step in every case. However, they should do the following in all cases:

3.7.1. Obtain, consider, and record the necessary supporting facts.

3.7.2. Involve contractors in the decision-making process only to the extent of providing technical information.

3.7.3. Document any coding conferences with industry.

3.7.4. Determine through screening whether a part is suitable for competitive acquisition.

3.7.4.1. It may be possible to break out the part for direct purchase from the actual manufacturer.

3.7.4.2. Parts with data belonging to the actual manufacturer and not likely to be procured by the government are particularly suited to direct purchase. Such direct purchase is particularly appropriate if the manufacturer assumes total responsibility for the part, including its design, quality control, and testing.

3.7.5. For each screened part, establish a file to document and justify the decisions and results of all screening efforts. Keep this file on hand to supply historical data for subsequent screening.

3.7.6. After a part gets an AMC and AMSC, screening does not cease. The screening process continues as the Air Force receives documentation or contractor responses until management assigns a competitive code or exhausts all efforts to improve the code status.

3.7.7. Before completing the recoding action, the responsible engineering activity reviews and concurs with proposed changes from noncompetitive to competitive status for critical and other selected parts.

4. Reporting Instructions:

4.1. *The Spare Parts Breakout Screening Report* (RCS DD P&L [QS&A]714A) is a cumulative semiannual report detailing the accomplishments of the breakout program. The report describes full and limited screening for provisioning and replenishment parts by the number of different National Stock Numbers (NSN) for each AMC.

4.2. *The Spare Parts Acquisition Report* (RCD: DD P&K[QS&A] 714B) is a cumulative semiannual report documenting all spare part purchases during the current fiscal year. The report describes the number and extended-dollar value of different NSNs purchased for each AMC.

4.3. The Air Force maintains actual cost-savings (or cost avoidance) data attribu table to the Spare Parts Breakout Program and include the data in the semiannual *Spare Parts Acquisition Report.*

4.4. The Air Force purchases reported in the *Spare Parts Acquisition Report* may not match the screenings reported in the *Spare Parts Breakout Screening Report* because of time differences between screenings and actual purchases and procurement lead-times.

4.5. The Spare Parts Breakout Program Costs required for the *Spare Parts Breakout Screening Report* come from the SH069-LO3, *RC Managers Cost Center Report*. Activities should use EEIC 392, *Other Civilian Personnel Compensation, Gross Obligation* to reflect their costs.

4.6. Reports are due to HQ USAF 30 days after the end of each reporting period (October through March and April through September).

4.7. Correct and revise the midyear reports in the year-end reports. You may not revise year-end reports.

5. Responsibilities:

5.1. HQ USAF:

- Establishes Air Force policy for the Air Force Spare Parts Breakout Program.
- Monitors the Air Force Spare Parts Breakout Program.

5.1.1. HQ USAF/LGSS Forwards the *Spare Parts Breakout Screening Reports* to ASD(P&L)L/SD.

5.1.2. HQ USAF/LGS AND PED coordinates MAJCOM proposed spare parts breakout initiatives for acquiring data rights, reverse engineering, qualification testing, tooling, and support equipment required for spares breakout to the appropriate Air Staff panel.

5.2. AFMC Manages the Spares Breakout Program:

5.2.1. AFMC/ENC. The office of primary responsibility for the Spares Breakout Program, AFMC/ENI, establishes a breakout program to help identify and acquire necessary technical data during development and production. This allows, when possible, the breakout of spare parts for direct purchase or competitive bidding on follow-on replenishment spares.

5.2.1.1. AFMC/ENC ensures that ALCs develop annual fiscal year screening thresholds in compliance with DFAR SUPP, Appendix E, Par E-104. These thresholds are subject to HQ AFMC review and approval.

5.3. Program Offices:

5.3.1. Determine the complete data needs, including reprocurement data for inclusion in contracts.

5.3.2. Give written notification, with rationale, to affected organizations when contracts do not include data requirements.

5.3.3. Conduct data calls and in-process reviews to ensure that correct and complete data requirements, including reprocurement data, appear in the Engineering, Manufacturing and Development (EMD) or production contract.

5.3.4. Identify, select, and, develop data item descriptions for inclusion in the EMD or production contract.

5.3.5. Make sure that contracts properly define data requirements and manage the acquisition according to AFI 21-103, *Equipment Inventory, Multiple Status, and Utilization Reporting System.*

5.3.6. Schedule periodic engineering and procurement data reviews to be sure that the contractor is complying with contractual data requirements in supporting the Spare Parts Breakout Program. These reviews should coincide with existing engineering or data reviews.

5.3.7. Give the offices of the Competition Advocate and Small and Disadvantaged Business adequate notice of the opportunity to take part in an advisory capacity in CTIC verification meetings.

5.3.8. Determine the need for CTICs and initiate a contract data requirements and fund for CTICs and associated procurement data.

5.3.9. Program and budget for acquiring CTICs, reprocurement data, and reverse engineering for initial and replenishment spare parts to support equipment and end items.

5.4. Air Logistics Centers:

5.4.1. Screen and assign Acquisition Method and Acquisition Method Suffix Codes to parts for which AFMC has engineering responsibility.

5.4.2. Approve and accept DD Form 250, **Materiel Inspection and Receiving Report**, certifying the technical accuracy of engineering data to support the replenishment spare parts procurements.

5.4.3. Periodically review the screening threshold and recommend changes when necessary.

5.4.4. Identify the tasks within the Logistics Support Analysis required to supplement the Spare Parts Breakout Program for the system being acquired.

5.4.5. Identify those peculiar parts that require engineering evaluation support.

5.4.6. Request necessary help from responsible non-AFMC engineering activities to do technical screening and subsequent AMC and AMSC.

5.4.7. Make sure that the technical engineering information to support initial and replenishment spare parts procurements is adequate for engineering review. (Use DFARS Appendix E to make this determination.)

6. Other Major Command (MAJCOM) Responsibilities:

6.1. Other MAJCOMs:

- Designate a command focal point for spare parts breakout issues.
- Assist AFMC in accomplishing spares breakout.
- Accomplish appropriate taskings in paragraph **5.** when designated as the implementing or supporting command.

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Attachment 1

GLOSSARY OF TERMS

Terms

Acquisition Method Code (AMC)—A singledigit numeric code, assigned by a Department of Defense activity, to that describes to the contracting officer and other government personnel the results of a technical review of a part and its suitability for breakout.

Acquisition Method Suffix Code (AMSC)—A singledigit alpha code, assigned by a Department of Defense activity, that provides the contracting officer and other government personnel with engineering, manufacturing, and technical information.

Actual Manufacturer—An individual, activity, or organization that performs the physical fabrication processes that produce the deliverable part or other items for the government. The actual manufacturer produces the part inhouse. The actual manufacturer may or may not be the designcontrol activity.

Annual Buy Quantity—The forecast quantity of a part required for the next 12 months.

Annual Buy Value (ABV)—The annual buy quantity multiplied by its unit price.

Approved Source—A contractor, vendor or other supplier who has satisfactorily furnished the government or prime contractor with a part,or has been approved by the responsible systems engineering authority to furnish the part.

Bailment—The process whereby a part is loaned to a recipient with the agreement that the part will be returned at an appointed time. The government retains legal title to such material even though the borrowing agency has possession during the stated period.

Breakout—The improvement of the acquisition status of a part resulting from a technical review and a deliberate management decision. Examples are:

- The competitive acquisition of a part previously purchased noncompetitively.
- The direct purchase of a part previously purchased from a prime contractor who is not the actual manufacturer of the part.

Competition—A contract action where the government solicits two or more responsible sources, acting independently, to satisfy the government's requirement.

Contractor Technical Information Code (CTIC)—A twodigit alpha code assigned to a part by a prime contractor to furnish specific information regarding the engineering, manufacturing, and technical aspects of that part.

DesignControl Activity—A contractor or government activity responsible for the design of a given part and for preparing current engineering drawings and other technical data for that part. The designcontrol activity may be the actual manufacturer. The designcontrol activity is synonymous with design activity as defined in DoDSTD100.

Direct Purchase—The acquisition of a part from the actual manufacturer, including a prime contractor who is an actual manufacturer of the part.

Prime Contractor—A contractor having responsibility for design control and/or delivery of a system and equipment such as aircraft, engines, ships, tanks, vehicles, guns and missiles, ground communications

and electronics systems, and test equipment.

Replenishment Part—A part, repairable or consumable, purchased after provisioning of that part for: replacement; replenishment of stock; or use in the maintenance, overhaul, and repair of equipment such as aircraft, engines, ships, tanks, vehicles, guns and missiles, ground communications and electronic systems, ground support, and test equipment. Except when distinction is necessary, the term "part" includes subassemblies, components, and subsystems as defined by the current version of MILSTD280.

Sole Source—A sole source acquisition is an acquisition in which the government solicits only one potential supplies.

Source—Any commercial or noncommercial organization that can supply a specified part. For coding purposes, sources include actual manufacturers, prime contractors, distributors, vendors, dealers, surplus dealers, and other firms.

Source Approval—The government review that must be completed before contract award.